THIS WEEK

NEWS

7 Denny's faces racism charges with mug promo
7 Costners' Jakes brings home Hollywood, Vegas
7 Marriott to sell $220 million in assets
86 Taste of the NFL set for 1992
89 Western Sizzlin' ready to open unit in Canada
89 Schieiein wins hotelier award

FOOD

11 Fabricant/Chefs create new ways to upscale fish dishes
11 Food News Digest
11 What's Hot in Tampa, Fla.

MARKETING

12 Wood Co. puts chefs in the limelight with 'Top Hits'
12 Marketing Digest
12 Ad Watch

FINANCIAL

14 Public offerings to slash Foodmaker's debt costs
14 Food Price Outlook
14 Financial Digest
14 Fact File

COAST TO COAST

18 Pa. restaurateurs take hard hits from recession
18 France's Kamman shares her insights on the kitchen
18 Coast to Coast Digest

SUPPLIER NEWS

82 Kraft strengthens focus on customer service
82 T. Marzetti Co. purchases Calif. production facility
82 Supplier Digest

OPINION

29 Doherty/The time for leaders is NOW
30 What happens when you're out of synch

1991 RETROSPECTIVE

33-74 A Year in Review
44 In Memory of ...
48 Ten Best Cookbooks
60 The year in quotes
68 The INS and OUTS of 1991

OPERATIONS

80 Hochstein/What's 'fair' when it comes to wine prices?
80 Patterson/Fresh produce: One of the toughest buys

FEATURES

24 Calendar of Events
29 Letters
30 Side Dishes
30 Name of the Week
76 On the Move: Restaurant People
78 Book Digest
84 Product Showcase
95 Foodservice Mart
104 Subject Index
104 Advertiser Index

NRN DIRECTORY

For complete directory, see **page 29.**

For your own subscription to Nation's Restaurant News, call toll-free 1 (800) 447-7133. For problems, call (813) 664-6707.

For other business, call (212) 756-5000 and extension:

5188 Newsroom
5210 Foodservice Mart
5211 Display advertising

Subscription rate: Food Service operators, wholesalers/distributors and brokers/dealers, 1 yr. $34.50; 2 yrs. $55.00; Mfr, Arch, Consit, 1 yr. $59; Others Allied to Field, 1 yr. $89.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the first Monday in July and the last Monday in December, by Lebhar-Friedman, Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to Subscription Department, Nation's Restaurant News, P.O. Box 31179, Tampa, Fla. 33631-3179.

For change of address, please write Subscription Dept., Nation's Restaurant News, P.O. Box 31179, Tampa, Fla. 33631-3179.

Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include label.

PERMISSIONS: All materials in this publication are copyrighted and may not be reproduced in any form without written permission. Requests for permission should be directed to James C. Doherty, publisher.

Vol. 25, No. 50 December 23, 1991

NEWS BRIEFS

Sales up 4.2% in November, government says

WASHINGTON — Sales at the nation's eating and drinking places rose year-over-year by 4.2 percent in November, marking the strongest uptick in three months, according to government reports.

Meanwhile, the rate of increase in menu pricing declined for the third month in a row in November, up just 2.9 percent on a year-to-year unadjusted basis, the U.S. Labor Department reported in its Consumer Price Index.

Since August, when the food-away-from-home component of the CPI hit 3.3 percent on an annual unadjusted basis, the rate of menu-price inflation has fallen 0.1 percent each month.

The slowing rate of menu-price increases reflects a decline in the agency's Producer Price Index as finished consumer foods, or wholesale foods, fell 1.5 percent in November, following a year-long trend. Steep drops in meat and produce attributed to the decrease.

When November's 4.2-percent gain in sales is discounted against the 2.9-percent rise in menu prices, the figures suggest that restaurant traffic rose 1.3 percent.

Food prices at the nation's grocery stores grew modestly in comparison with menu prices, rising 0.9 of 1 percent on a yearly basis.

Overall, the CPI — the nation's most important gauge of inflation — is up 3 percent over last year's.

Congress eyes permanent renewal of TJTC

WASHINGTON — After renewing the Target Jobs Tax Credit for another six months, Congress has scheduled hearings on the possibility of permanently extending the tax break — an opportunity that the restaurant industry has long pursued.

The credit enables employers to write off 40 percent of the first $6,000 that is paid to certain hard-to-employ workers. It is used more widely in the restaurant industry than in any other trade.

Traditionally, Congress has renewed the credit for a year at a time, forcing restaurateurs to fight for an extension every 12 months. Although the industry and its business allies have prevailed each time, the process has greatly taxed both lobbyists and lawmakers. Foodservice officials have argued that the break should be permanently extended, citing both the time that Congress would save and the need to preserve a major incentive for hiring the disadvantaged.

Rep. Dan Rostenkowski, D-Ill., chairman of the House Ways and Means Committee, recently voiced agreement that the periodic renewals do not make sense. He called it an annual ritual that wastes lawmakers' time and taxpayers' money.

Stop-N-Go parent files Chapter 11

HOUSTON — National Convenience Stores Inc., operator of the Stop-N-Go convenience store chain, has filed for Chapter 11 bankruptcy protection from creditors.

The filing came just days after the company disclosed that it was unable to pay $1.3 million in mortgage debt that was due the first of this month. NCS had reduced debt by $20 million during its fiscal year ended June 30, with the sale of 51 stores throughout West Palm Beach, Fla., and El Paso, Texas, markets.

NCS lost $10.5 million during its last full fiscal year and has already reported losses of $3 million through the first quarter of its current fiscal year.

The company, which operates nearly 1,000 Stop-N-Go stores throughout Texas, Georgia and California, said it would conduct business as usual while it tries to restructure its debt.

'Rock 'n Roll' McD staffers nabbed in drug raid

CHICAGO — Conducting a drug raid at a franchised McDonald's at 600 N. Clark St., Chicago police arrested three employees for dealing cocaine on the premises.

The franchisees of the busy outlet, known as "The Original Rock 'n Roll McDonald's," Angelo Lencioni and Kathy Connelly, said they had been cooperating in the police investigation since last summer.

In unrelated developments, Lencioni and Connelly are selling that unit and one other they own to McDonald's for an undisclosed amount because they plan to open an independent Italian dinner house in suburban Naperville, Ill. For 11 years they have operated the 345-seat unit, filled with rock-'n'-roll memorabilia they have collected.

Days Inns finalizes $250M acquisition by N.J.-based HFS

ATLANTA — Failing to draw a higher bid, Days Inns has agreed to be acquired for $250 million by Hospitality Franchise Systems, the New Jersey-based franchisor of Ramada Inns.

However, the deal has not yet been approved by the bankruptcy court that is overseeing Days.

Days, a privately held company, had conditionally agreed some time ago to be acquired by Hospitality Franchise Systems. But to provide time for another suitor to come forward, it disclosed at that time that it would not finalize the deal until after Dec. 9.

Hospitality Franchise System's president is Frank Belatti, a former president of Arby's. The lodging company is owned by Blackstone Group, an investment group that includes former high-ranking executives of Days.

Disney selects Anaheim for new $3B theme park

ANAHEIM, Calif. — Walt Disney Co. plans to build a dining-and-shopping complex here as part of $3 billion, 470-acre theme park and resort.

The proposed Disneyland Resort, an extension of 80-acre Disneyland, would also include the internationally themed Westcot Center and three new California-themed hotels. In choosing the site, Disney ruled out the alternative DisneySea project, a ocean-themed resort that had been proposed for Long Beach, Calif.

Cuellar surrenders CEO's post at Southwest Cafes

DALLAS — Gilbert Cuellar has reliquished his responsibilities as chief executive of Southwest Cafes, franchisor of the 90-unit El Chico Mexican dinner-house concept here.

Cuellar will retain his position as chairman.

The company said it needs new management to complete the company's plans for menu and operational improvements.

Until a new chief executive is named, the company will be run by a committee of five directors, headed by franchisee Joe S. Thompson, according to John Cuellar, Southwest's vice president and general counsel.

The five directors are also on the committee that is searching for a new chief executive.

AppleWest agrees to sell Nev. rights

LAS VEGAS, Nev. — AppleWest, an Applebee's franchisee, has agreed to sell its Nevada franchise territory and three units of the casual-themed dinner house to a company here called Asdar Group Inc.

Asdar noted it would like to acquire rights to franchise the concept in other states.

Applebee's International, the concept's franchisor, has until Jan. 8 to exercise a right of first refusal in connection with the Nevada deal. The company recently announced that it planned to repurchase franchised units.

McD offers new dinner deal in New York

NEW YORK — Some aspects of McDonald's program for boosting dinner traffic are being put to a test here, where company-operated units are experimenting with a special "value" menu after 4 p.m.

The dinner special consists of soup or salad, a large sandwich, large french fries, choice of beverage (8 ounces or 12 ounces) and a choice of dessert, for $4.99.

The meal is available until the units' closing time.

McDonald's said in October it would refocus its menu development on dinner.

FINANCIAL NEWS

Public offerings to slash Foodmaker's debt costs

by Theresa Howard

SAN DIEGO — Foodmaker is restructuring and reducing its $650 million debt load through a public stock offering and two individual bond offerings.

Through the combined offerings, the owner and franchisor of Jack in the Box and Chi-Chi's expects to raise about $500 million and to significantlyreduce interest expenses, which battered 1991 earnings.

According to documents filed with the Securities Exchange Commission, the bond offerings are expected to raise about $315 million. The offering of 9 million common shares of stock, at an issue price expected to be $22 per share, should generate at least $183.4 million, the filing shows.

The company recently issued the combined offering, which is subject to SEC approval, in an effort to repurchase two sets of outstanding non-convertible notes, explained Chuck Duddles, chief financial officer of Foodmaker, which owns and operates 684 Jack in the Box fast-food restaurants and 177 Chi-Chi's Mexican dinner houses.

Interest expenses, which cost the company $93 million during its fiscal year ending Sept. 29, will be greatly reduced thanks to lower rates on new notes.

The company intends to acquire the existing notes — one set of 12.75 percent senior notes worth $150 million and a set of 14.25 percent senior subordinated notes worth $300 million — and take on $315 million in new notes at a considerably lower interest rate. That rate, however, is contingent on the success of the stock offering. The existing notes accounted for just under $62 million of the company's total interest expenses in 1991.

Foodmaker chronology

1950 — Foodmaker is founded as a private company.

1968 — After 18 years of operation as a private company, Foodmaker is acquired by publicly traded Ralston-Purina.

1985 — Foodmaker management takes the company private by leading a $450 million buyout from Ralston-Purina.

1987 — Company files for an initial public offering in December and is granted SEC approval early the following year.

1988 — In September Foodmaker is acquired by FM Acquisition in a $247 million transaction and the company again goes private.

1991 — In December the company again files for an initial public offering with the SEC in an effort to raise capital of $200 million.

The offering comes after a burdensome year that yielded a sharp 81-percent drop in net earnings. Although interest costs were actually down slightly for 1991 compared with the previous year, the 1-percent drop was not enough to help the company offset flat sales, a sharp increase in cost of revenues and a decline in operating income.

Citing a "substantial increase in restaurant occupancy costs and workers' compensation costs," the company reported a 4.5-percent year-to-year increase in cost of revenues, to $960.9 million. Additionally, income taxes as a percentage of earnings were up 50 percent over the previous year to 78 percent, which pushed down the company's year-to-year operating income by nearly 7.5 percent, to $101 million.

Those results — coupled with sluggish comparable-store sales at Jack in the Box and a 5.1-percent decline in same-store sales at Chi-Chi's — net income fell 81 percent, to $1.7 million for the year, on a slight 3-percent gain in revenues, to $1.15 billion.

Duddles said the recession, particularly in the Northeast, where the company operates 33 stores, ate up sales throughout the Chi-Chi's chain. Further signifying tough times for the Mexican dinner-house chain, the concept's largest franchisee, Consul Restaurant Corp., has been operating under Chapter 11 bankruptcy protection since September.

Duddles, however, would not comment on reports that his company is reportedly close to signing a deal to acquire Consul, which operates 32 domestic units and 16 restaurants throughout Canada.

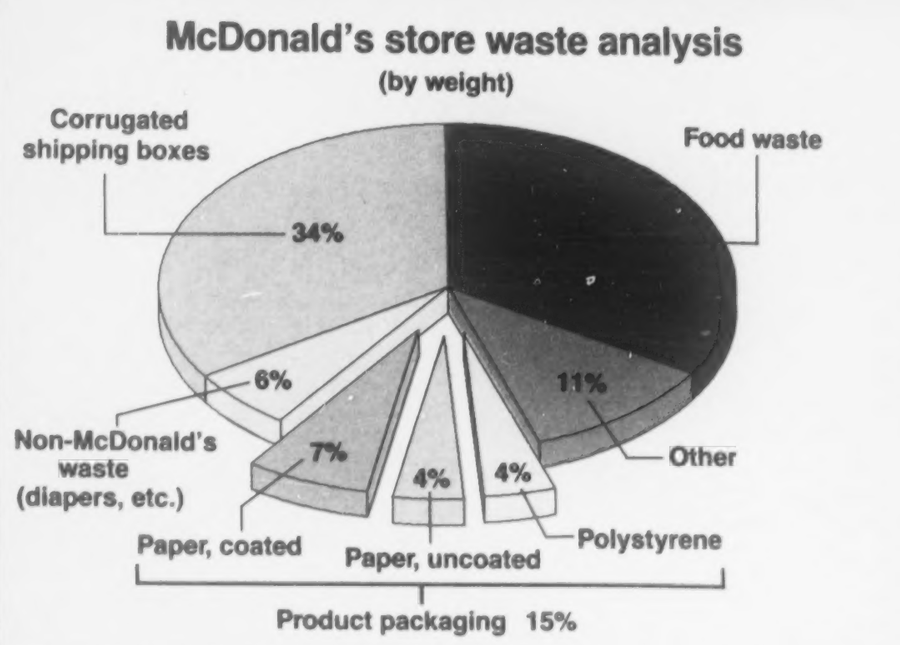
Aside from reducing debt, Foodmaker is also countering the sales downturn through a number of programs designed to boost per unit sales, Duddles said. The company plans to continue adding new products, increase emphasis on customer service and improve quality control and cash management. Foodmaker plans to introduce an average of three new products annually to the Jack In The Box chain and to downsize stores, a strategy that is costing the company about $150,000 per unit less to build.

Duddles noted that plans for Chi-Chi's include a new ad campaign and an expansion strategy that targets 60 new company-owned stores by 1994.

Foodmaker's filing with

*(See **FOODMAKER**, page 102)*

FACT FILE



Source: McDonald's Corp./Environmental Defense Fund joint task force

FINANCIAL DIGEST

Furr's/Bishop's losses deepen in 3rd Q

LUBBOCK, Texas — Debt-plagued Furr's/Bishops Inc. reported a $2.1 million loss on a 4-percent decline in revenues, to $68.7 million, for the third quarter ended Sept. 28.

A year ago the company reported a loss of $876,000.

The company blamed its difficulties on one-time restructuring charges and competitive pressures.

Meanwhile, Furr's/Bishop's said a subsidiary, Cafeteria Operators L.P., is working with bond holders to restructure the company's debt. A tentative plan would give debt holders a stake in the company in exchange for a deferral of interest payments for a year.

If the lenders approve the plan, Cafeteria Operators would spend $75 million over the next five years to expand the company's specialty restaurant operations and refurbish existing units.

Two Pesos reports flat 2nd Q growth

HOUSTON — Two Pesos Mexican Cafe said its net income rose 1 percent, to $619,000, on a 2 percent rise in revenues, to $9.9 million, for the second quarter ended Sept. 30.

Revenues remained flat despite the opening of three restaurants. Profits were depressed by the September acquisition of the 21-unit ShortStop double-drive-thru chain, the company said.

For the six months year-to-date, net income fell 21 percent to $958,000 on a 2 percent decrease in revenues, to $19.6 million.

The company operates 55 Two Pesos and 22 ShortStop outlets.

Homestyle Buffet net plunges

OLDSMAR, Fla. — Homestyle Buffet reported a 99 percent plunge in net income, to $4,000, despite a 19 percent gain in revenues, to $16.1 million, for the third quarter ended Oct. 9.

For the nine-months year-to-date, Homestyle said net income fell 60 percent, to $531,000, on a 23 percent gain in revenues, to $38.1 million.

The company said it has accelerated a drive to cut operating and administrative expenses. As a result of steps taken during the quarter, the company said it has cut individual store's operating expenses by 10 percent and trimmed general and administrative costs by 15 percent.

Steve's Homemade nets $544K in 3rd Q

LINDENHURST, N.Y. — Steve's Homemade Ice Cream made $544,000 in net income in the third quarter ended Sept. 28 — almost five times the profit from the year-ago period — on a 35 percent gain in revenues, to $9.6 million.

The company said the early extinguishment of debt last year played a part in its profitability in the current period. Steve's added that the revenue and net income increases were also the result of product introductions.

For the nine months of the period, the company overcame a year-ago loss to post $1.8 million in earnings. During the like period a year ago, the company lost $67,000 after retiring debts of more than $176,000.

Outback to issue more shares

TAMPA, Fla. — Outback Steakhouses Inc., the Australian-themed steak-house operator that went public in July, told the Securities and Exchange Commission it expects to file another 1.950 million shares.

The company said it expects to sell 900,000 shares in the offering while 1.050 additional shares are proposed by to be sold by certain selling stockholders.

Proceeds from the offering will be used to finance restaurant development in 1992 and 1993.

Outback went public in July at an initial offering of $15 a share. In recent trading, the company's stock price closed at $39.

FOOD PRICE OUTLOOK

Vegetable stocks vary by commodity

by Patt Patterson

If you use frozen cut corn, frozen corn on-the-cob or frozen french fries, you're in luck. Stocks are higher than they were last year, and prices in most cases are down. On the other hand, if you use frozen spinach, broccoli, cauliflower or green beans, supplies are down and prices are up. Frozen pea and lima bean inventories are about the same as they were last year at this time, and prices are fairly stable.

There are plenty of canned tomatoes around, and prices have been softening. Supplies of sweet potatoes, green beans, carrots and beets are adequate. Prices are stable to lower. Stocks of peas, corn, spinach and greens are down.

Most canned fruits are in short supply this year, particularly cling peaches, apricots, cherries, fruit cocktail and pears. In better supply than anticipated have been California ripe olives, but stocks are down from last year's, and prices are expected to remain firm.

There's plenty of hams available, both canned and bagged. But the surplus is practically all domestic hams; imported ones are in the shortest supply in five years or more. Although stocks of most foreign hams continue to slide, pressure from the ample domestic supplies keep a loose lid on import prices. No immediate change is seen.

Frozen cod blocks and slabs (from which portions are cut) have been coming in at a greater rate than earlier in the year, but supplies are still low. The improvement in inventories, however, has taken some of the pressure off prices . . . Haddock prices are still at about record levels, with no change in sight.

Broiler prices, which have been hovering near or slightly above last year's at this time, have dropped a bit in mid-December. Turkey stocks are very large, and prices have slipped, even during the heavy holiday usage season. Some observers think it will be the second quarter of 1992 before the excess is moved out and prices rise. Expect turkey producers to cut back — something they've threatened to do many times in the past.

COAST TO COAST

Pa. restaurateurs take hard hits from recession

by Paul Frumkin

WAYNE, Pa. — The prolonged recession in the Northeast coupled with an increase in benefits payments made 1990 a difficult year for many Pennsylvania restaurateurs.

In fact, 59 percent of those operators participating in a study conducted by the Pennsylvania Restaurant Association and the consulting firm Restaurant Advisory Services recorded a net loss for calendar 1990.

The restaurants that seemed to fare the best, according to the 1991 Pennsylvania Restaurant Operations report, were food-only establishments with per-check averages of less than $7. The study revealed that the profit margin for those restaurants was 3 percent.

Higher-priced operations with check averages running from $7 to $12 reported a 1.2-percent profit margin, while restaurants generating check averages exceeding $12 had profit margins of only 0.8 percent.

"Obviously, the segment hit hardest by the recession was the upscale restaurant segment," said Ronald Gorodesky, president of Restaurant Advisory Services. "On the other hand, many restaurants catering to value-oriented families experienced little erosion.

"The discretionary dollars of those who dine out have been reduced considerably due to the recession," he said. "It would seem that people aren't eating out less, just cheaper."

Average restaurant expenses

Food cost: 29.5%.
Beverage cost: 4%.
Payroll: 29.4%.
Employee benefits: 5.4%.
Direct operating expenses: 7.1%.
Entertainment: 0.5%.
Advertising and promotions: 3.2%.
Utilities: 3.2%.
Administrative and general: 6.1%.
Repairs and maintenance: 1.6%.
Occupancy costs: 5.8%.
Interest: 1.6%.
Depreciation: 2.0%.
Income before tax: 0.6%.
Corporate overhead: 1.0%.

Source: 1991 Pennsylvania Restaurant Operations, Restaurant Advisory Services

Other factors, however, contributed to the slide in profitability of Pennsylvania restaurants — notably an increase in benefits' costs. Expenses for employee benefits rose from 3 percent of total sales in 1989 to 4 percent in 1990, the report said.

Gorodesky — who previously served as director of restaurant consulting for the now-defunct Laventhol & Horwath in the company's Philadelphia office — noted that "Congress has been brutal on restaurateurs by requiring them to pay FICA taxes on server tips. "We found that a growing list of restaurants are carrying health plans for their employees," he added.

A hike in real-estate taxes also contributed to a decline in profits across the state.

According to the report, expenses for respondents broke down in the following way: food cost, 29.5 percent; beverage cost, 4 percent; payroll, 29.4 percent; employee benefits, 5.4 percent; direct operating expenses, 7.1 percent; entertainment, 0.5 percent; advertising and promotions, 3.2 percent; utilities, 3.2 percent; administrative and general, 6.1 percent; repairs and maintenance, 1.6 percent; occupancy costs, 5.8 percent; interest, 1.6 percent; depreciation, 2.0 percent; income before tax, 0.6 percent; and corporate overhead, 1.0 percent.

In other areas, the report also revealed that Pennsylvania restaurants employ a median total of 31.2 full-time workers; generate a median check average of $8.25; and enjoy a mean of 1.24 table turns per day.

Gorodesky said his firm sent the survey to more than 2,700 members of the Pennsylvania Restaurant Association and more than 500 non-members. The report is based on more than 100 responses.

France's Kamman shares her insights on the kitchen

by Alan Liddle

ST. HELENA, Calif. — Speak with Madeleine Kamman briefly, and you might find yourself agreeing with the person who once referred to her as "that feisty and infuriating French woman."

But attend her speaking engagements often or, better yet, spend some time talking one-on-one with her, and Kamman begins to resemble the person the French government and many of her fans believe her to be. She was recently nominated by the Minister of Culture of France to the title of "Chevalier" in the French Order of Arts and Letters.

French Consul General Yvon Roe D'Albert said nomination into the order is an honor bestowed annually to a small group of people. Recipients, D'Albert indicated, are individuals "who are famous in the art and literary fields for the originality of their talent, quality of their production, their promotion of French language and culture, and development of cultural relations between France and the United States."

Kamman, by accepting the award at a small private ceremony in San Francisco, joined a select group of honorees. Among the other recipients have been actresses Elizabeth Taylor and Bette Davis, dancer-actress Ginger Rogers, writers Truman Capote and Norman Mailer, and film director Sydney Lumet.

A former cooking-school teacher and Boston restaurateur who went on to write several food-related books and star in a Public Broadcasting System television cooking series, Kamman has been director of Beringer Vineyard's School for American Chefs in the Napa Valley since its inception in 1989. She was born in Paris, educated at the Sorbonne and cut her culinary teeth beginning at age 9 in her aunt's Michelin guide-rated restaurant in the Loire Valley.

> Even Kamman's biggest fans concede she can be "controversial." But that might be said of anyone who is not afraid to speak his or her mind regarding current events or broad issues.

Several of today's bright young chef-restaurateurs, including Jimmy Schmidt and Cindy Black, have grown through their association with Kamman. Many others, including legions of the "undiscovered," hope to spend time with her at the School for American Chefs.

Even Kamman's biggest fans concede she can be "controversial." But that might be said of

*(See **KAMMAN**, page 102)*

COAST TO COAST BRIEFS

'92 Zagat survey ranks LA's favorites

LOS ANGELES — A preview of the 1992 Zagat survey for Los Angeles reveals that six restaurants — including one that recently closed — have ascended into the ranks of the 10 most popular eateries in Southern California.

Patina heads up the Top 10 list, moving up a notch from its No. 2 slot on the 1991 survey. Other repeaters are Matsuhisa, Beverly Hills, No. 3 (up from No. 4); Chinois on Main, Santa Monica, No. 4 (falling from No. 1); and Citrus, No. 10 (it was No. 8). New on the list are C'est Fan Fan, No. 2; Sushi Nozawa, Studio City, No. 5; Shiro, South Pasadena, No. 6; Magdalena's, Bellflower, No. 7; the recently shuttered Cafe Blanc, No. 8; and Diaghilev, West Hollywood, No. 9.

The former Top 10 restaurants displaced into lower rankings are L'Orangerie, Valentino, Le Chardonnay, Campanile and Chez Melange. L'Ermitage, No. 3 in 1991, closed earlier this year.

Zagat's full Los Angeles survey, compiled from reviews submitted by thousands of amateur critics, is due out next month.

Tischenkel takes helm of Fla. association

HOLLYWOOD, Fla. — Veteran south florida Wendy's franchisee and dinner-house operator Jay Tischenkel will take over as president of the Florida Restaurant Association in January, succeeding Bierne Brown, a partner in Naples, Fla.-based Cuisine Management Inc., whose term expires at the end of 1991.

Serving with Tischenkel — who is a partner in the Wendy's franchise group Miami Foods Ltd. and also vice president and general manager of Key Biscayne-based Bayside Seafood Restaurant — will be Frank Day, food service vice president, Sea World, Orlando; Bill Robinson, Fat Willie's Fish Camp, Valrico; Gordon Manus, Santa Fe Steak House, Sarasota and Fort Myers; and Bob Leonard, vice president and chief operations officer, FMS Management Co., a 90-unit IHOP franchisee.

Kostroski elected Minn. Rest. Assn. prexy

ST. PAUL, Minn. — Wayne Kostroski, managing partner of Goodfellows and Tejas restaurants, has been elected president of the Minnesota Restaurant Assocation.

His three major goals for the association for 1992 are to build a stronger statewide grass-roots network of operators, to increase membership and to involve the association in efforts to help the hungry. He has been the Minnesota chairman for several years for the annual Taste of the Nation hunger relief benefit.

Other 1992 officers are Paul Bell, Bridgeman's Restaurant, president-elect; Richard Henke, The Malt Shop, vice president; Steve Lampi, Bridgeman's, treasurer; Peter Mihajlov, Parasole Restaurants, immediate past president; and Bill Naegele, Restaurants No Limit, National Restaurant Association director.

Evan's welcomes Hansson as chef

HOUSTON — Restaurateur Evan Daily has hired the award-winning Swedish chef Magnus Hansson as the chef at Evan's here.

Hansson, who is credited with earning a Guide Michelin star for The Place and making it Sweden's first Michelin-rated restaurant, has infused his eclectic style into the former Southwestern menu orientation of Evan's.

The chef's new menu features "kick-ass" tuna with smoked barbecue sauce and sweet shallot relish; Black Angus beef tenderloin stuffed with spinach, Mozzarella and prosciutto; vegetable pancakes with tempura vegetables and a mixed mushroom ragout; and fudge brownie cheese cake with a basil custard sauce.

Cadillac veteran joins Kimpton Group

SAN FRANCISCO — Jeffrey Warner, formerly general manager of Cadillac Management Inc., operator of the Cadillac Bar, one of this city's first contemporary regional Mexican cuisine restaurants, has joined the Kimpton Restaurant Group here.

Warner was appointed general manager of Kimpton's Corona Bar & Grill, a high-volume regional Mexican cuisine restaurant off Union Square. Before joining the San Francisco company headed by hotelier-restaurateur Bill Kimpton, Warner had been the opening general manager of Good Eats, a smokehouse and barbecue restaurant in Santa Fe, N.M.

As general manager of Cadillac Inc., Warner said, he had overseen the construction and preopening of six of the company's restaurants, including the Cadillac Bar. He noted that he has a degree in hotel and restaurant management from the University of Denver.

Tuesday Night-Value Night gets under way

SOMERSET, N.J. — The New Jersey Restaurant Association said it has received more than 1,000 telephone requests for information on restaurants participating in its Tuesday Night-Value Night promotion.

NJRA's dining-out program, which is based on New York City's Tuesday Nite Out, offers patrons pricing incentives if they visit participating restaurants on Tuesday. Unlike the New York version, which offers a 15-percent discount across the board, New Jersey restaurateurs provide a variety of incentives — from free desserts to special pricing for parties of three. So far, 47 restaurants have signed up for TN-VN. The program is slated to run through August 1992.

A YEAR IN REVIEW

Anniversaries

While profits are critical to longevity, foodservice operations also measure success by the number of years in business and the number of units they've opened. Included below are a few concepts that have been around for longer than most people can remember, and others that have expanded more rapidly than many would have predicted.

January

Five years ahead of schedule, Subway Sandwiches and Salad opened its 5,000th unit in Seguin, Texas.

February

EMCO Foodservice Systems rang in its silver anniversary. The purchasing and marketing cooperative celebrated 25 years with a Silver Banquet in Palm Springs, Calif.

March

White Castle marked its 70th anniversary. The square-hamburger chain celebrated with year-long promotions, including a five-cent hamburger promotion in January and a full-page advertisement in USA Today.

May

American Express celebrated the 100th anniversary of the company's "don't-leave-home-without-them" Traveler's Cheques. The company rolled a network television spot starring the company's 18-year spokesman, Karl Malden, to commemorate the special event.

June

Hard Rock Cafe celebrated 20 years by rolling back prices in honor of its 1971 launch in London. During a June promotion, the hamburger/merchandising chain sold hamburgers at 1971 prices of $1.25.

July

Carl Karcher celebrated 50 years with Carl's Jr. Karcher, together with his wife, Margaret, launched the now 585-unit fast-food chain with a hot dog cart that cost the couple $326. Colleagues honored the veteran with a black-tie extravaganza that featured Bob Hope.

* * *

One of California's highest-grossing restaurants, the Nut Tree in Vacaville, celebrated 70 years.

September

TGI Friday's survived those terrible teen-age years to celebrate its 20th birthday. The 170-unit dinner-house chain marked the celebration with year-long promotions and a new light menu that was introduced systemwide in October.

October

Hardee's grew up and turned 30. The company celebrated with a grand reopening of its first franchised unit in Spartanburg, S.C. The restaurant was refurbished with 1960s-style decor, a jukebox containing hits from that era and tray liners blaring then-current events.

* * *

Lee's Famous Recipe Country Chicken marked 25 years in the business. Originally called Harold's Take Home — Home of Famous Recipe, the chain was started by Lee Cummings, a nephew of Colonel Sanders. In 1981, Shoney's Inc. bought the concept and today continues to operate the 270-unit chain.

* * *

TCBY celebrated its 10-year anniversary with an in-store sweepstakes promotion. The frozen-yogurt chain gave customers a chance to win $10,000 in cash, a Geo convertible or an all-expenses-paid cruise. Entries are slated to be chosen in January.

Top IPO's of 1991

Company	Issue Price	Number Shares Offered (in millions)	Date
Sonic Corp.	$12.50	3.700	2/28/91
Au Bon Pain	9	2.300	6/7/91
Outback Steakhouse	15	1.805	6/18/91
Bertucci's Brick Oven Pizza	13	1.870	6/28/91
IHOP Corp.	10	6.250	7/12/91
Koo Koo Roo	5.50	1.437	8/28/91
Apple South	12.50	1.300	11/14/91
Checkers	16	2.414	11/15/91
*Foodmaker	22	10.300	Pending

*Company filed registration statement Nov. 11.

Source: NRN research

Top foodservice initial public offerings: **Buoyed by Wall Street's bullish appetite for foodservice issues as a hedge against faltering blue chips, the restaurant industry witnessed one of its most prolific periods for initial public offerings in 1991 as eight foodservice companies tapped the equity markets to expand their chains or extinguish debts.**

IN MEMORY OF . . .

Although the year was filled with many high points, 1991 also marked the unfortunate passing of many of our foodservice colleagues. All made their mark in this diversified industry, and they will be sorely missed.

Howard S. Baumgardner, designer of the first electrically heated aircraft buffet, died at the age of 84. His innovation was key in the development of in-flight foodservice, a segment he had served for 42 years.

Dominic Bellissimo, the founding father of Buffalo-style chicken wings, died this year at the age of 68. Bellissimo had started serving the now-popular chicken wings at his family-owned Anchor Bar in Buffalo, N.Y., 26 years ago.

Vincent J. Cunnetto Sr., owner of the popular St. Louis Cunetto House of Pasta, died in July. Cunnetto was 69. Cunetto, along with his late brother, Joseph, founded the restaurant in 1974.

Don Dianda, owner of Doro's in San Francisco, died at 71 of a heart attack. Dianda, who was known by all to be a "gracious gentleman," opened the elegant and formal Doro's in 1952. He sold the operation in 1989.

William S. Fishman, co-founder and former chief executive of the giant contract foodservice company, ARA Services, died at the age of 75. Fishman was responsible for ARA growth as an international services management company.

Calvin L. Holt, founder and owner of the famed New York restaurant-boutique Serendipity 3, died in June. He was 66. Holt and his partner, Stephen Bruce, had operated the east-side establishment since its opening in 1954.

Dick Jackson, a 20-year foodservice veteran, died in January at the age of 65. Jackson first started working in the industry when he joined distributor Great Lakes Terminal & Transport Corp., moving to the operator side in 1980 when he became president of Mr. Steak. He rejoined GLT & T in 1985 as the company's senior vice president.

Alan Lewis, a longtime New York restaurant industry veteran and most recently the managing director of New York's famed Rainbow Room, died in October of heart disease. Lewis was 71. During his career he had helped Restaurant Associates open such landmark establishments as The Four Seasons and Forum of the Twelve Caesars.

Felipe Rojas-Lombardi, the talented New York chef and restaurateur noted for having introduced many diners to Spanish and Caribbean cooking, died earlier this year. Lombardi, who was 46, had at one time worked with James Beard.

Richard A. McGeogh, a retired executive with the foodservice conglomerate Morrison Inc., died in June of cancer. McGeogh, who was 67, had founded the marketing and advertising division of the group that includes custom management accounts and the 169-unit Morrison's Cafeteria chain.

Ray Moline, a founder of The Moline Company, died in July. Moline, who was 72, was a 40 year-year veteran of the the family-owned bakery equipment supply company he started in 1945. The company was bought by Pillsbury in 1972.

Sherwood (Sherb) Noble, the first Dairy Queen franchisee, died at the age of 82. Noble licensed the first Dairy Queen in the 1940s. The success of that unit helped convinced Dairy Queen that ice cream was not a passing trend.

Matthew Perkins, co-founder of what is today the 400-unit Perkins Family Restaurant chain, died of heart disease. With his brother, Ivan, he had helped found what began as a pancake restaurant chain in 1958. He was 79.

Robert Harbison Power, chairman of the Nut Tree restaurant in Vacaville, Calif., died of cancer. Powers, who was 65, became a general partner in Nut Tree Associates in 1948 and later became chairman of that company. Nut Tree had been founded by his parents in 1921.

Irving Riese, 71, died in January of a heart attack. Riese, together with his brother, Murray, built the Riese Bros. organization, a New York City-based franchise company. The company grossed approximately $300 million a year at its peak.

Gene Stone, 54, died of a heart attack in September. President of Shakey's Inc. at the time of his death, Stone had started with the regional chain as an hourly employee. Within nine years he had risen to vice president of operations and franchising. Stone rejoined the 200-unit chain as president in 1989. He had spent the 17 year interim at Seattle-based Skipper's Inc., a concept that grew from 12 to 200 units under his guidance.

C5150-5

Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

Vol. 26, No. 1 | Published every Monday by Lebhar-Friedman Inc., $10 per issue | January 6, 1992

NRN Photo

Jimmy Schmidt, co-owner of the new Cocina del Sol in Southfield, Mich. The Southwest-themed restaurant is the second collaboration between Schmidt and Michael Ilitch, chairman of Little Caesar Enterprises.

Schmidt, Ilitch warm up with Cocina del Sol

by Carolyn Walkup

SOUTHFIELD, Mich. — Cocina del Sol, the latest collaboration of American chef Jimmy Schmidt and pizza mogul Michael Ilitch, is beating the winter doldrums with the tastes and moods of the sunny Southwest.

Opening with much fanfare in this suburb northwest of Detroit, Cocina del Sol is a moderately priced rendition of such Southwestern stalwarts as Mark Miller's Coyote Cafe in Santa Fe and Stephan Pyles' Baby Routh in Dallas. Schmidt, best-known for his downtown Rattlesnake Club, is confident that trendy Southwest cuisine is not a passing fad.

"We use butter in only two dishes and no traditional lard. It's clean flavors and matches today's lighter food trends," Schmidt remarked.

(See COCINA, page 76)

C-stores intensify foodservice buildup

Battered chains are fighting back with branded products, freshly made salads and updated equipment

by Theresa Howard

NEW YORK — While yet another segment leader regroups under bankruptcy protection, beleaguered convenience-store giants are firing their foodservice engines.

Stop N Go parent National Convenience Stores is the last of the nation's three largest c-store operators to file for Chapter 11 over the past 14 months. No. 3 NCR follows in the footsteps of 7-Eleven operator Southland Corp., which emerged from Chapter 11 in March, and No. 2 Circle K Corp., which is awaiting Federal Bankruptcy Court approval on a reorganization plan that was approved by the Circle K board in November.

In their fight for survival, all three of the c-store chains are banking heavily on foodservice beyond weenies and microwavable Mexican munchies.

Part of mammoth Southland's strategy includes commissaries that are able to provide fresh-made sandwiches and salads to 7-Eleven stores. Phoenix-based Circle K is planning to invest part of a proposed $300 million in overall capital improvements on new foodservice equipment throughout the company's stores.

And despite operating under bankruptcy protection, NCS is pushing ahead with plans to add branded restaurant names alongside its own line of foodservice offerings. The chain currently licenses Pizza Huts and Taco Bells in about 35 stores throughout Texas as the

(See C-STORES, page 77)

Rick Van Warner

Van Warner is named NRN editor

by James C. Doherty

NEW YORK — Rick Van Warner, a five-and-one-half-year veteran of Nation's Restaurant News, has been named chief editor of the national newsweekly.

Van Warner, previously managing editor, takes on responsibilities for editorial policy and planning in addition to quarterbacking NRN's New York staff and its news bureaus in Atlanta, Chicago, Los Angeles and Northern California.

For the past three years, Van Warner has directed

(See VAN WARNER, page 4)

Former Rax prexy to pay $400K

Hermann agrees to settlement over alleged 'improprieties'

by Carolyn Walkup

COLUMBUS, Ohio — Ira Hermann, the former president of Rax Restaurants, has agreed to pay the fast-food operator $400,000 in cash, stock and notes after being investigated for "improprieties in supplier relations" during his tenure.

James Bingham, Rax's vice president of construction during Hermann's term, agreed to pay $50,000 under a separate settlement with the company.

Hermann and Bingham, both of whom resigned abruptly last September, have denied that they took kickbacks, as was suggested in a report drafted for Rax by an outside investigator.

"It's not true," observed Hermann, adding that he did nothing more than aggressively pursue the best deal for Rax. "I did what I needed to do to run the business."

Bingham could not be reached for comment.

Neither Donald Karas, Rax chairman, nor William Underhill, who replaced Hermann as president, would discuss the investigation or the settlements with Hermann and Bingham.

Ira Hermann

However, an outside spokesman confirmed that settlements had been reached with Hermann and Bingham after an investigation was conducted.

A copy of the 20-page investigation report was obtained by a reporter for the Columbus Dispatch, which based a news story on the findings.

(See HERMANN, page 77)

INSIDE

Leadership crucial in stormy 1992
Rick Van Warner/Page 21

Forecast and trends for '92
Begins on Page 25

Finding help unconventionally
Patt Patterson/Page 56

Treat employees as you want to be treated
Book Digest/Page 60